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Carma

Developers Ltd.

Progress report to shareholders for
six months ended June 30, 1974



Creating Better Environment Communities

To the Shareholders

We are pleased to report continued progress for your company in the first half of 1974. Carma Developers Ltd. recorded net income of \$1,567,000 or 97 cents per share on sales of \$11,096,000 in the first six months of 1974. This compares to net earnings of \$1,119,000 or 70 cents per share in the six months ending June 30, 1973. Cash flow was \$1.03 per common share compared to 77 cents in the same period of 1973.

Important sales included: 194 serviced single-family lots in the Glen Robertson West community of Surrey in Greater Vancouver; 215 lots in Carma's Braeside community at St. Albert, adjacent to Edmonton; 365 lots in the PineRidge community in northeast Calgary and 59 lots in the golf-course community of Varsity Estates in northwest Calgary. Sale of commercial sites in Calgary also contributed to the total.

Carma added 425 acres of land to its inventory for future development in the second quarter of 1974, bringing the total for the year to 653 acres. This included 185 acres in Calgary, 12 in Vancouver and 208 in Prince George, B.C., where Rudy Koop, P.Eng., former assistant district manager in Calgary, was appointed district manager.

Subsequent to June 30, Carma concluded a transaction with the City of Calgary in which 1,052 acres of Carma land in the Nose Hill sector was traded for 180 acres of developable land in the adjacent area of Thorncliff West plus payment of \$1.3 million to Carma over the next year. Carma's land was in an area designated for a proposed regional park. The Thorncliff West area will yield approximately 600 serviced single family lots.

An offer by the membership of Silver Springs Golf and Country Club for the purchase of Silver Springs golf course is also under negotiation at this time.

Sales of serviced single-family lots were scheduled for the third quarter in the Blue Quill community in southwest Edmonton plus Silver Springs and PineRidge in Calgary.

In an endeavor to create a larger "float" of the company's shares the directors are seeking amendment to the builder/shareholder marketing contract which will result in a substantial reduction in the number of shares required by a builder in order to qualify for the same lot draw privileges.

The Board of Directors, meeting Aug. 6 in Edmonton, declared a dividend of 10 cents per share on the company's outstanding common shares payable Oct. 15, 1974 to shareholders of record at the close of business Oct. 1, 1974.

ROY WILSON,
President

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Scotia Bank Bldg., 1488 - 4th Ave., Prince George, B.C.
11 Hess Street South, Hamilton, Ont. **Auditors:** Winspear Higgins Stevenson & Co. **Transfer Agent:** Montreal Trust Co.
Shares Listed: Toronto Stock Exchange

Carma Developers Ltd. and Subsidiary Companies

Consolidated Statement of Income

(Unaudited)

Six months ended June 30, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Sales		
— Residential	\$10,417,707	\$6,036,859
— Commercial, high density, and undeveloped acreage	<u>678,175</u>	<u>953,700</u>
	<u>11,095,882</u>	<u>6,990,559</u>
Cost of sales		
— Residential	7,361,115	4,097,726
— Commercial, high density, and undeveloped acreage	<u>393,198</u>	<u>363,116</u>
	<u>7,754,313</u>	<u>4,460,842</u>
Gross profit	3,341,569	2,529,717
Other income	<u>509,367</u>	<u>155,630</u>
	<u>3,850,936</u>	<u>2,685,347</u>
Administrative and general expense	393,928	300,740
Interest	117,461	69,047
Depreciation and amortization	<u>93,132</u>	<u>34,219</u>
	<u>604,521</u>	<u>404,006</u>
Income before provision for income taxes	3,246,415	2,281,341
Income taxes	<u>1,679,343</u>	<u>1,162,572</u>
Net income for the period	<u>\$ 1,567,072</u>	<u>\$1,118,769</u>
Average number of common shares outstanding.....	<u>1,614,063</u>	<u>1,606,909</u>

	<u>1974</u>		<u>1973</u>	
	<u>No Dilution</u>	<u>Full Dilution</u>	<u>No Dilution</u>	<u>Full Dilution</u>
Net income per common share	\$0.97	\$0.83	\$0.70	\$0.59
Cash flow per common share	\$1.03	\$0.88	\$0.72	\$0.61

Consolidated Statement of Source and Application of Cash

(Unaudited)

Six months ended June 30, 1974 and 1973

SOURCE OF CASH:	<u>1974</u>	<u>1973</u>
Operations		
Net income for the period	\$1,567,072	\$1,118,769
Items not requiring the outlay of cash		
Depreciation and amortization...	42,122	13,319
Write off of portion of excess of cost of subsidiary companies over book value thereof	<u>51,010</u>	<u>20,900</u>
Cash provided from operations	1,660,204	1,152,988
Increase in bank indebtedness	2,360,000	—
Increase in term bank loan	1,191,634	2,400,000
Increase in payables and accruals	1,952,031	3,708,260
Issue of Series C debentures	—	989,520
Issue of common shares	64,681	18,961
Decrease in agreements for sale on commercial land	324,659	(152,640)
Assumption of deferred tax	—	92,940
Change in other assets and liabilities (net)	<u>35,039</u>	<u>(1,130)</u>
	<u>7,588,248</u>	<u>8,208,899</u>
APPLICATION OF CASH:		
Increase in trade and other receivables ...	2,912,451	(3,255,992)
Increase in investment in land and utility costs	3,616,728	10,054,717
Increase in prepaid expenses	177,839	181,751
Increase in buildings and equipment	233,967	70,263
Decrease in option deposits	124,344	(73,829)
Decrease in income taxes payable	742,755	122,297
Conversion of Series C debentures	30,180	—
Excess of cost of subsidiary company over book value thereof	<u>—</u>	<u>624,761</u>
	<u>7,838,264</u>	<u>7,723,968</u>
Increase (decrease) in cash.....	<u>\$ (250,016)</u>	<u>\$ 484,931</u>